

# REVIEW OF FY21 B.A.A.

## HOUSE TRANSPORTATION COMMITTEE

WEDNESDAY, JANUARY 19, 2021



*Vermont Legislative*  
**JOINT FISCAL OFFICE**

**Chris Rupe**

Transportation Fiscal Analyst

Joint Fiscal Office

# AGENDA

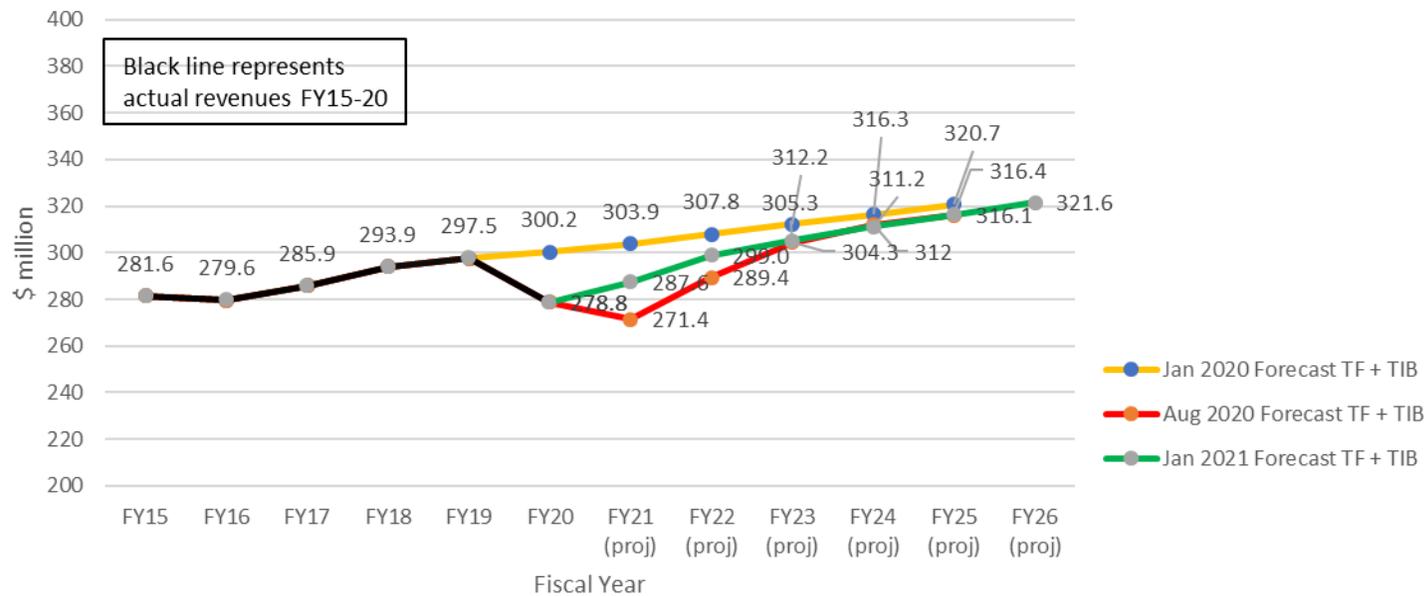
- 1) January 2021 Consensus Revenue Forecast
- 2) FY21 B.A.A.
- 3) Questions?

A scenic view of a wooden bridge over a river. The bridge has a dark wooden railing and a wooden deck. A dark car is driving across the bridge. Several people are walking on the bridge. The river is calm and reflects the sky and the bridge. The background is a dense forest of green trees. The sky is blue with some white clouds. The overall scene is peaceful and scenic.

# JANUARY 2021 CONSENSUS REVENUE FORECAST

# JANUARY 2021 REVENUE FORECAST

Projected Combined T-Fund and TIB Fund State Revenues



The Jan 2021 forecast upgrades the outlook for state-generated transportation revenue compared to the Aug 2020 forecast by a cumulative total of \$26.3 million across FY21-25, but revenues are still projected to be below the pre-COVID Jan 2020 forecast. The Jan 2021 forecast predicts a cumulative total revenue loss of \$62.8 million between FY20 and FY25 compared to the pre-COVID Jan 2020 forecast (the total difference between the yellow and green lines). In comparison, the Aug 2020 forecast projected a cumulative decline of \$89.1 million over the same time period.

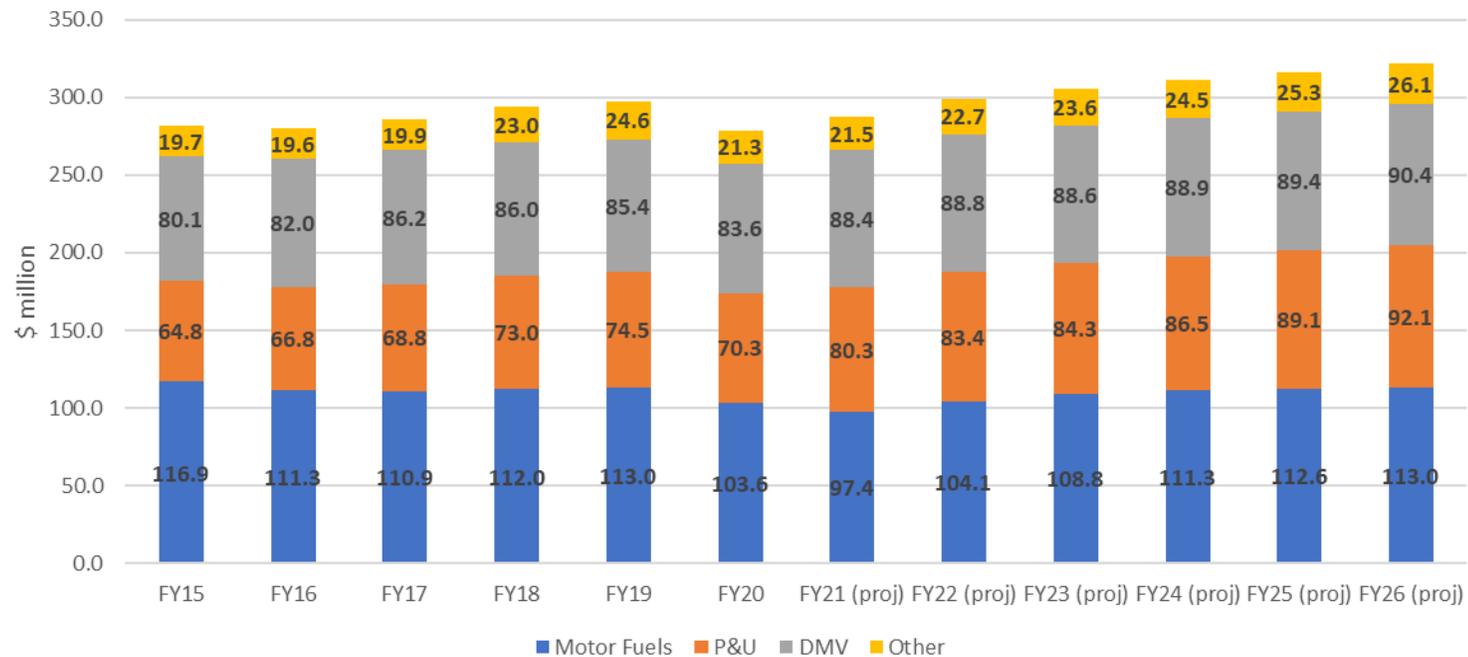
The January 2021 consensus revenue forecast upgraded the forecast for transportation funds compared to the August 2020 forecast.

However, the upgraded forecast remains below the pre-COVID January 2020 forecast.

Per the January 2021 forecast, total state transportation taxes/fees are projected to be \$62.8 million less between FY20 – FY25 than predicted a year ago.

# JANUARY 2021 REVENUE FORECAST

Transportation Revenue Sources as Proportion of Total State Transportation Funds



The January 2021 consensus revenue forecast predicts that motor fuels taxes/assessments will comprise a shrinking percentage of overall state transportation revenues in future years.

FY15:	41.5%
FY20:	37.2%
FY26 (proj):	35.1%

# JANUARY 2021 REVENUE FORECAST

## Transportation Revenue Forecasts for FY21 (\$ mil)

Revenue	January 2020	August 2020	January 2021	Change from Aug	Change Jan - Jan
Gasoline	78.0	68.1	67.1	-1.0	-10.9
Diesel	19.2	17.5	17.7	0.2	-1.5
Purchase & Use	78.4	66.9	80.3	13.4	1.9
DMV Fees	87.7	83.5	88.4	4.9	0.7
Other Fees	24.6	22.6	21.5	-1.1	-3.1
<b>T-Fund Total</b>	<b>287.9</b>	<b>258.6</b>	<b>275.0</b>	<b>16.4</b>	<b>-12.9</b>
TIB Gasoline	13.9	10.9	10.7	-0.2	-3.2
TIB Diesel and Other	2.1	1.9	1.9	0	-0.2
<b>TIB Total</b>	<b>16.0</b>	<b>12.8</b>	<b>12.6</b>	<b>-0.2</b>	<b>-3.4</b>
<b>All State Transportation Revenue</b>	<b>303.9</b>	<b>271.4</b>	<b>287.6</b>	<b>16.2</b>	<b>-16.3</b>

The January '21 forecast shows a significant upgrade (+16.2M) from the Aug '20 forecast.

However, FY21 collections are still projected to be \$16.3M less than originally projected for FY21 last January.

# JANUARY 2021 REVENUE FORECAST

Change in Forecast for FY21 and FY22 (\$ mil)					
Revenue	January 2020	August 2020	January 2021	Change Jan'21 - Aug	Change Jan - Jan
FY21 T-Fund	287.9	258.6	275.0	16.4	-12.9
FY21 TIB	16.0	12.8	12.6	-0.2	-3.4
<b>FY21 TOTAL</b>	<b>303.9</b>	<b>271.4</b>	<b>287.6</b>	<b>16.2</b>	<b>-16.3</b>
FY22 T-Fund	291.2	275.7	285.1	9.4	-6.1
FY22 TIB	16.6	13.7	13.9	0.2	-2.7
<b>FY22 TOTAL</b>	<b>307.8</b>	<b>289.4</b>	<b>299.0</b>	<b>9.6</b>	<b>-8.8</b>

The January '21 forecast also upgrades revenues for FY22 by \$9.6 mil compared to last August's forecast.

Upgrade for FY21 driven by strong P&U and DMV fees.

However, FY22 collections are still projected to be \$8.8 mil less than originally projected for FY22 last January.

# TRANSPORTATION REVENUES OVER TIME

- Overall, the recent forecast is good news for transportation funding. Things are not projected to be as tight as projected last August.
- However, transportation revenues remain below pre-COVID levels and are projected to remain below the levels forecasted in January 2020 until approx. FY26.
- Motor fuel tax collections are projected to gradually rebound in future years, but they are projected to generate a shrinking percentage of total transportation funding as DMV Fees and Purchase & Use Tax are projected to grow as a percentage of total transportation funding.



FY21 B.A.A.

2020 Act 154 Sec #	FY21 As Passed	Change in BAA	FY21 As Amended
<b>B.901 - Aviation</b>			
<i>Transportation Fund</i>	\$4,553,828	<b>-\$26,240</b>	\$4,527,588
<b>B.903 – Program Development</b>			
<i>Federal Funds</i>	\$271,141,834	<b>+ \$1,600,000</b>	\$272,741,834
<b>B.907 - Rail</b>			
<i>Transportation Fund</i>	\$14,942,605	<b>-\$3,350,000</b>	\$11,592,605
<i>Federal Funds</i>	\$14,634,998	<b>-\$3,200,000</b>	\$11,434,998
<b>B.910 – DMV</b>			
<i>General Fund</i>	\$0	<b>+ \$138,000</b>	\$138,000
<i>Transportation Fund</i>	\$32,852,324	<b>+ \$750,000</b>	\$33,602,324
<b>B.919 - MMAG</b>			
<i>Special Funds</i>	\$3,977,000	<b>+ \$650,715</b>	\$4,627,715

Overall Impact from Transportation BAA on Funds	
Fund	Net Impact
General Fund	\$138,000
T-Fund	<b>-\$2,626,240</b>
Federal	<b>-\$1,600,000</b>
Special Funds	\$0

## B.901 - AVIATION

2020 Act 154 Sec #	FY21 As Passed	Change in BAA	FY21 As Amended
<b>B.901 - Aviation</b>			
<i>Transportation Fund</i>	\$4,553,828	-\$26,240	\$4,527,588
<i>Federal Funds</i>	\$5,001,844		\$5,001,844
<b>TOTAL</b>	<b>\$9,555,672</b>	<b>-\$26,240</b>	<b>\$9,529,432</b>

Technical correction to fix an error and address a mismatch between the T-Bill and the Budget Bill.

## B.903 – PROGRAM DEVELOPMENT

2020 Act 154 Sec #	FY21 As Passed	Change in BAA	FY21 As Amended
<b>B.903 – Program Development</b>			
<i>Federal Funds</i>	\$271,141,834	+ \$1,600,000	\$272,741,834
Transportation Fund	\$42,204,675		\$42,204,675
<i>TIB Fund</i>	\$8,904,313		\$8,904,313
<i>Local Match</i>	\$524,451		\$524,451
<b>TOTAL</b>	<b>\$322,775,273</b>	<b>+\$1,600,000</b>	<b>\$324,375,273</b>

- AOT proposes using \$1.6 million of the federal COVID stimulus dollars from HR 133 to increase paving and leveling, in accordance with Act 154 language.
  - VT will receive an estimated \$50,411,349 from this FHWA funding stream. Funds can be obligated through FFY24 at up to 100% federal share.
  - FHWA has not yet released guidance on the do's and don'ts for this supplemental funding.
  - Statute is very broad:
  - "...flexible funding that may be used by States and localities for projects to preserve and improve the conditions and performance on any Federal-aid highway, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals."
  - Funds may be used for preventive and routine maintenance, operations, personnel, contractors, debt service, and coverage for other revenue losses.
- AOT is expected to include some proposals for spending the remainder of the funding in its forthcoming FY22 Transportation Program.

## B.907 - AMTRAK SAVINGS

2020 Act 154 Sec #	FY21 As Passed	Change in BAA	FY21 As Amended
<b>B.907 - Rail</b>			
<i>Transportation Fund</i>	\$14,942,605	-\$3,350,000	\$11,592,605
<i>Federal Funds</i>	\$14,634,998	-\$3,200,000	\$11,434,998
<i>TIB Fund</i>	\$760,000		\$760,000
<i>Interdept Transfers</i>	\$1,156,845		\$1,156,845
<i>TOTAL</i>	<b>\$31,494,448</b>	<b>-\$6,550,000</b>	<b>\$24,944,448</b>

- Significant savings are projected from the continued suspension of Amtrak service.
  - Act 154 previously reduced the Amtrak budget by \$750,000 (T-Fund).
  - BAA projection assumes service will remain suspended through FY21.
  - Amtrak still costs approximately \$200,000/month during suspension but those costs have been covered by various Amtrak ridership credits previously earned and federal funds.
  - Overall, in FY21 the service suspension saved the T-Fund \$4.1 million (\$750,000 + \$3,350,000) and saved federal grants \$3.2 million.

## B.910 - DMV

2020 Act 154 Sec #	FY21 As Passed	Change in BAA	FY21 As Amended
<b>B.910 – DMV</b>			
<i>General Fund</i>	\$0	+ \$138,000	\$138,000
<i>Transportation Fund</i>	\$32,852,324	+ \$750,000	\$33,602,324
<i>Federal Funds</i>	\$1,345,934		\$1,345,934
<i>Interdept Transfers</i>	\$147,275		\$147,275
<b>TOTAL</b>	<b>\$34,345,533</b>	<b>+ \$888,000</b>	<b>\$35,233,533</b>

- \$138,000 from General Fund for body cameras for DMV enforcement officers. Cost estimate based on the need to outfit 35 personnel with BWC hardware, in-car BWC hardware costs, and software/subscriptions.
- \$750,000 from Transportation Fund to pay for COVID related expenditures from Jan 1 – June 30, 2021.
  - Overtime (\$72,000)
  - Phone answering services to facilitate appointments (\$390,000)
  - Cleaning costs (\$150,000)
  - Temporary staff (\$60,000)
  - Increased bank charges (\$63,000)
  - Mail/shipping costs (\$3,000)
  - PPE/General Supplies (\$12,000)

## B.919 – MUNICIPAL MITIGATION ASSISTANCE PROGRAM

2020 Act 154 Sec #	FY21 As Passed	Change in BAA	FY21 As Amended
<b>B.919 - MMAG</b>			
<i>Special Funds</i>	\$3,977,000	<b>+ \$650,715</b>	\$4,627,715
<i>Transportation Fund</i>	\$650,000		\$650,000
<i>Federal Funds</i>	\$1,428,000		\$1,428,000
<b>TOTAL</b>	<b>\$6,055,000</b>	<b>+\$650,715</b>	<b>\$6,705,715</b>

- \$650,715 transferred from ANR to AOT to reflect that the program management transitioned from ANR to AOT.
- Revenue neutral overall.

# SUMMARY

## Overall Impact from Transportation BAA on Funds

Fund	Net Impact
General Fund	\$138,000
T-Fund	-\$2,626,240
Federal	-\$1,600,000
Special Funds	\$0

- Overall, the proposed modifications to the transportation section of the BAA will generate a savings in T-Fund appropriations of \$2,626,240 in FY21, a savings in federal appropriations of \$1.6 million, and an increase in general fund expenses of \$138,000.
- The January 2021 consensus revenue forecast **upgraded** projected FY21 T-Fund collections by \$16.4 million and **downgraded** TIB collections by -\$0.2 million for a projected net impact on state transportation funds of **\$16.2 million** higher than originally forecast back in August. AOT is proposing language in the BAA to move \$0.2M from TF to TIB to balance the two funds with the Jan forecast.
- The combined effect of the proposed BAA and revenue upgrade translates into a projected savings to the T-Fund of approximately **\$18.8 million** for FY21.

# QUESTIONS?

**Chris Rupe**

Transportation Fiscal Analyst  
VT Legislative Joint Fiscal Office  
1 Baldwin St, Montpelier VT 05633

[crupe@leg.state.vt.us](mailto:crupe@leg.state.vt.us)

<https://ljfo.vermont.gov/>

